PMI's
PULSE *of the* **PROFESSION**®
9th Global Project Management Survey
2017

Success Rates Rise
Transforming the high cost of low performance

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Project Management Institute

2017
Pulse of the Profession®
9th Global Project Management Survey

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2017 Department of Energy Project Management Workshop

2017 *Pulse of the Profession®* Survey

3,234 project management practitioners

510 PMO directors

200 executive leaders

The newest edition of the *Pulse* features feedback and insights from 3,234 project management professionals, 200 senior executives, and 510 PMO directors from a range of industries, and interviews with 10 corporate leaders and 7 PMO directors and directors of project management. Respondents span North America; Asia Pacific; Europe, the Middle East and Africa (EMEA); and Latin America and Caribbean regions.

Success Rates Rise
Redefining Success

Compared to last year, <u>more</u> projects are meeting original goals and business intent and are completed within budget.

- As we relayed in 2015, the traditional measures of time, cost, and scope are no longer enough in today's competitive environment.

- The view of organizational performance in 2017 includes an organization's benefits realization maturity level—along with the percentage of projects that are completed on time, on budget, and meeting original goals and business intent.
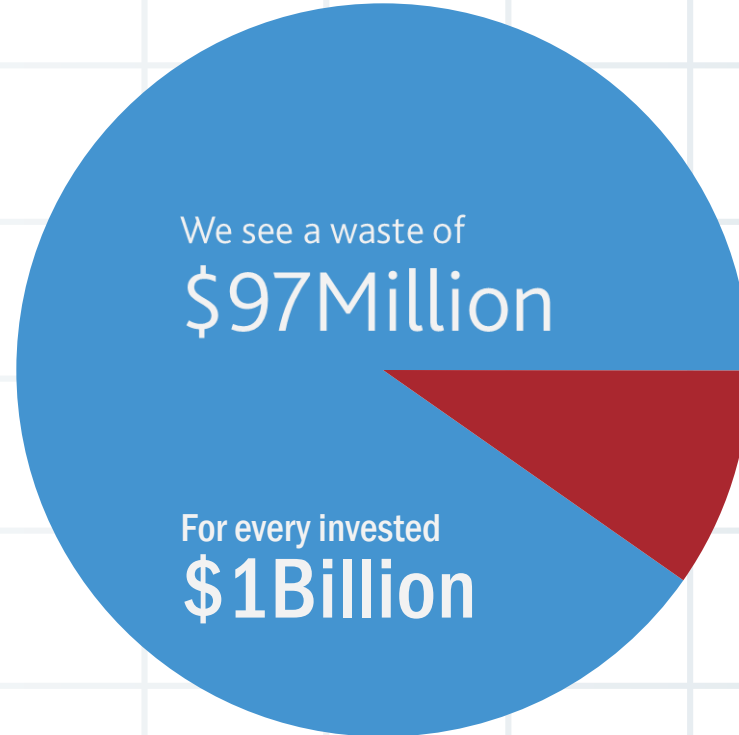
Project success rates rise, and fewer are failing
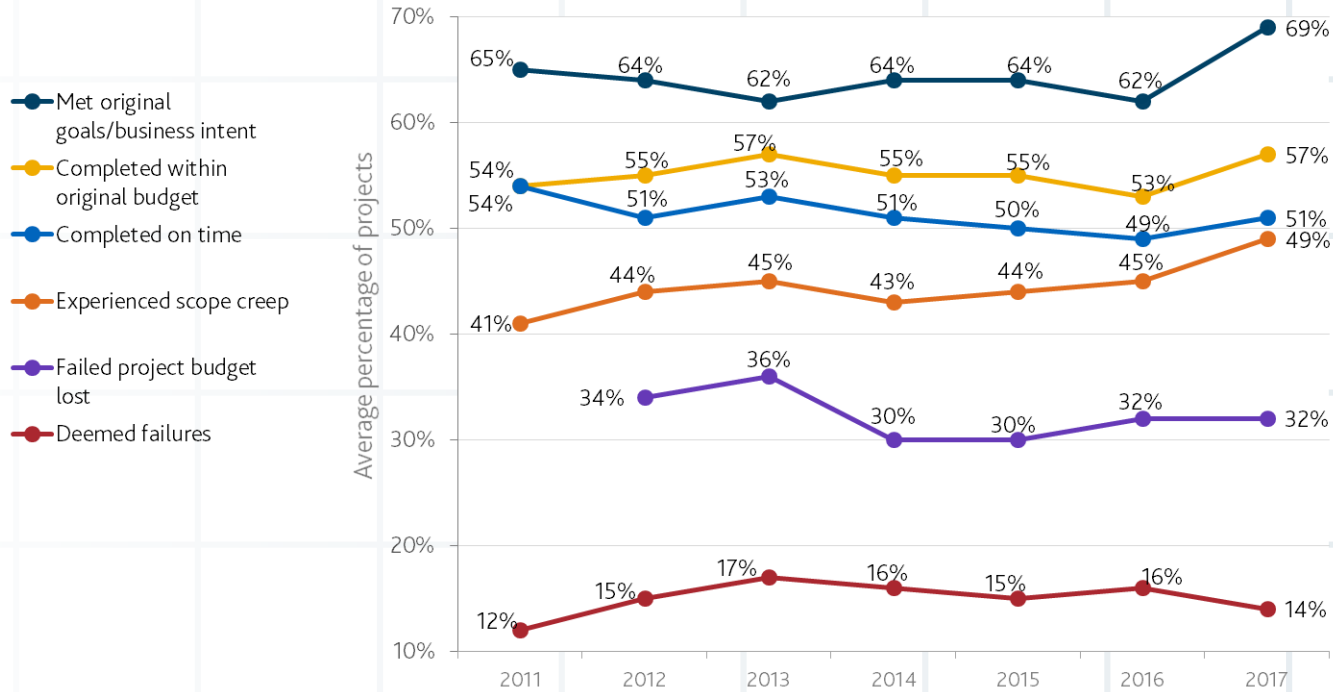
Less waste

We see $97 million wasted for every $1 billion invested due to poor project performance, a

20% decline from last year

NOTE: Amounts represent a percentage that applies to any currency.

We see a waste of
$97Million

For every invested
$1Billion

Determining a New Performance Level

Champions

organizations with
80% or more
projects completed on time, on budget, and meeting original goals and business intent and have high benefits realization maturity.

7% of organizations are Champions

Underperformers

organizations with
60% or fewer
projects completed on time, on budget, and meeting original goals and business intent and have low benefits realization maturity.

12% of organizations are Underperformers

Findings Summary: Making Progress

Talent

Benefits

PMOs and Strategic EPMOs

Executive Sponsorship

Agile

# Findings Summary: Driving Organizational Decisions and Outcomes

- We also surveyed 200 executive leaders and conducted 10 in-depth interviews to better understand their approaches to and success with strategy implementation through projects and programs.

- Our research revealed two other elements receiving increased C-suite attention and support:

Bridging Strategy Formulation and Execution

Tackling Technology and Business Disruption

Talent: Training and Development

We are encouraged that the percentage of organizations providing training and development has been stable for the past five years. Three in five organizations provide training on project management tools and techniques, and just under half have a formal process to develop project manager competency and a defined career path for project managers

Percentage of organizations with each item

- ■ Training on project management tools and techniques
- ■ Formal knowledge transfer process
- ■ Process to develop project manager competency
- ■ Defined career path for project managers
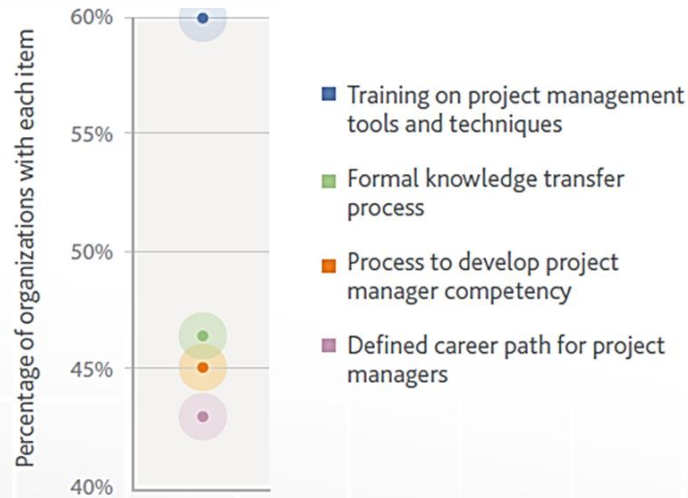
Priority of project management skills development

Developing the technical, leadership, and business management skills of project professionals continues to receive significant attention. Thirty-two percent of survey respondents consider both technical and leadership skills a high priority—a three percent increase over last year.

3%
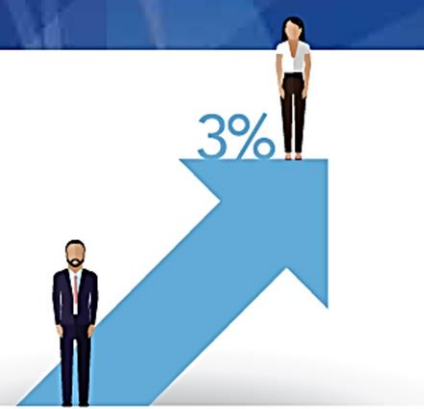
Champions are prioritizing the development of technical skills (76% versus 19% of underperformers), leadership skills (76% versus 16% of underperformers), and strategic and business management skills (65% versus 14% of underperformers)—these are all critical areas illustrated in the PMI Talent Triangle®

Benefits Realization Maturity

31%

There's growing attention to benefits realization management, which is the collective process of identifying benefits at the outset of a project and ensuring, through purposeful actions during implementation, that the benefits are realized and sustained once the project ends. One in three organizations (31%) reports high benefits realization maturity.

Organizations that report high benefits realization maturity also report better project outcomes.

High Benefits Realization Maturity and Better Project Outcomes

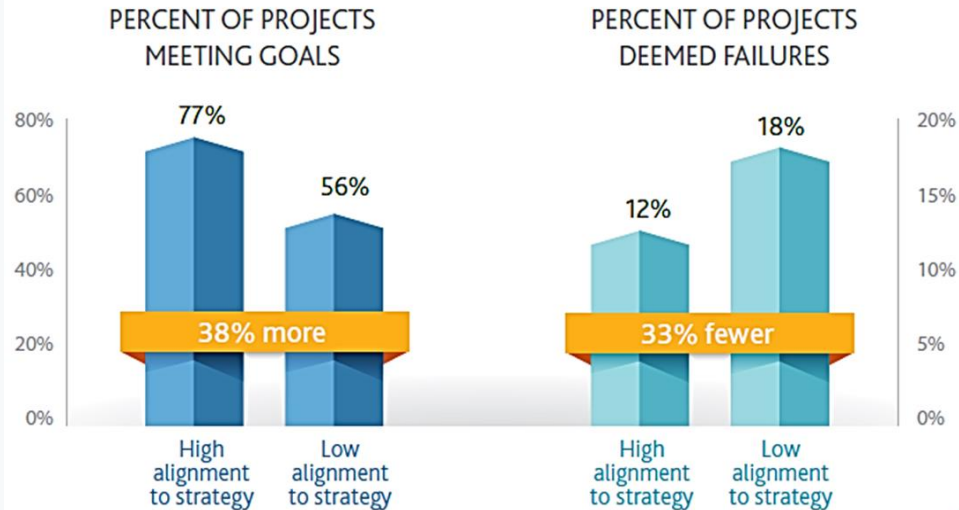|	
33%	**33 percent more** meet original goals and business intent
43%	**43 percent more** are completed within budget
58%	**58 percent more** are completed on time
34%	**34 percent fewer** experience scope creep
35%	**35 percent fewer** are deemed failures

Project management office (PMO)

The percentage of organizations with a PMO continues an upward trend; over seven in 10 organizations now report having a PMO.

% of organizations with a PMO
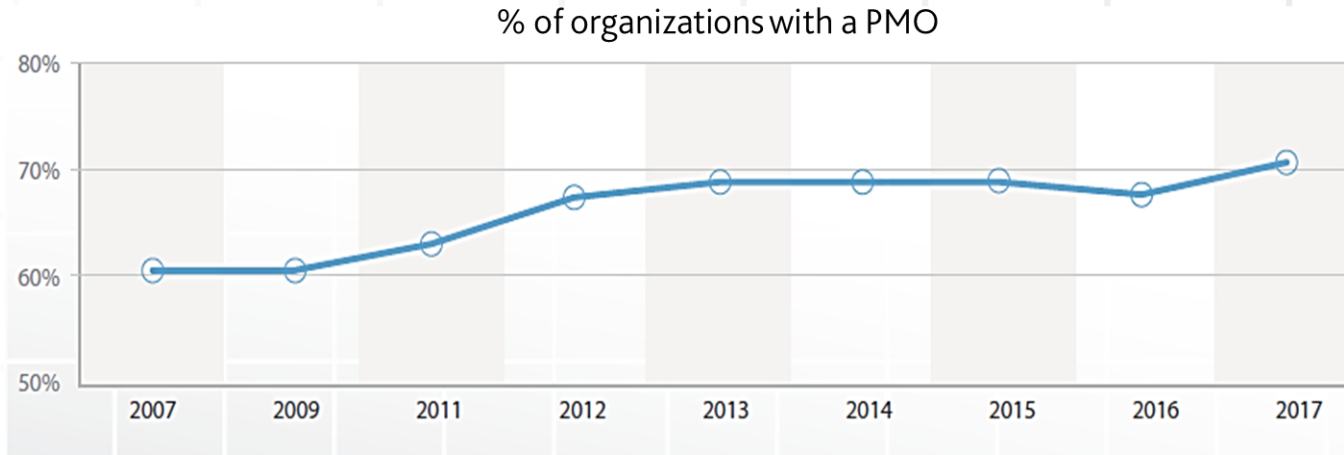
Align the EPMO to strategy

Among organizations that have a PMO, half have an enterprise-wide PMO (EPMO).

Those that align their EPMO to their strategy report an average of 38 percent more projects meeting their original goals and business intent and 33 percent fewer projects deemed failures.

PERCENT OF PROJECTS MEETING GOALS

High alignment to strategy: 77%
Low alignment to strategy: 56%
38% more

PERCENT OF PROJECTS DEEMED FAILURES

High alignment to strategy: 12%
Low alignment to strategy: 18%
33% fewer

Executive Sponsors

Our research consistently shows that an actively engaged executive sponsor is the top driver of projects meeting their original goals and business intent .

This year, organizations report more of their projects have active sponsors—62 percent this year compared to 59 percent in 2016 .

59%

62%

2016

2017
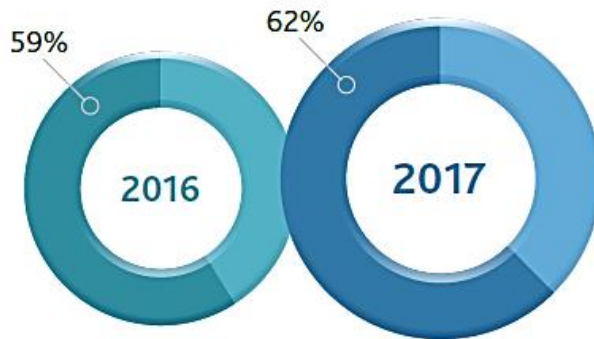
AVERAGE PERCENTAGE OF PROJECTS WITH ACTIVELY ENGAGED EXECUTIVE SPONSORS
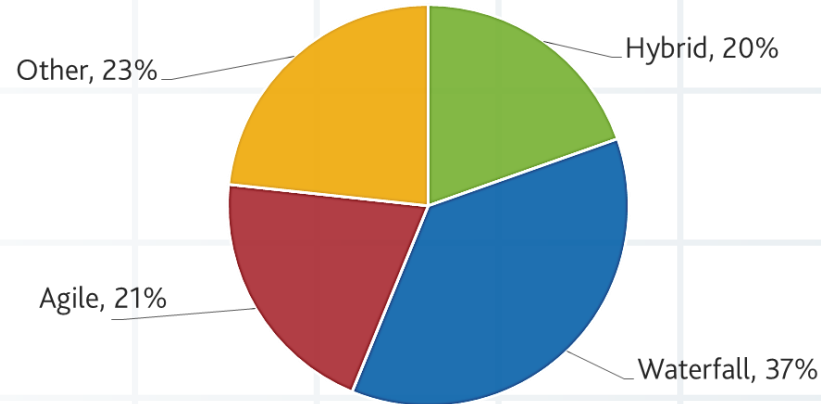
Agile approaches to projects

Organizations increasingly embrace agile as a technique for managing projects. A full 71 percent of organizations report using agile approaches for their projects sometimes, often, or always.
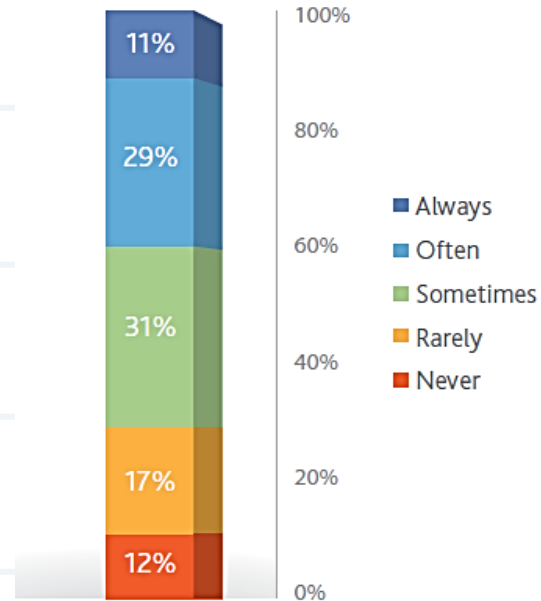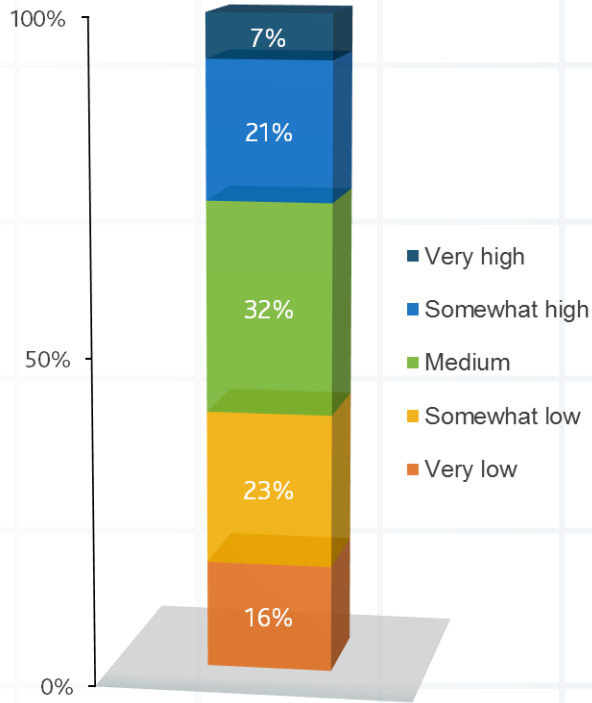
Distribution of approaches

In the past 12 months, one in five projects have used agile approaches to project management, while another one in five have used hybrid approaches. Nearly two in five has used waterfall in the past year.

Percentage of projects that used each approach
in the past 12 months

Hybrid, 20%
Other, 23%
Agile, 21%
Waterfall, 37%

Organizational agility

Very high
Somewhat high
Medium
Somewhat low
Very low

100%
50%
0%

7%
21%
32%
23%
16%

Just over one in four organizations report high organizational agility.

However, a large majority of organizations report greater agility over the last five years. More than half attribute the improvement to critical change factors, such as the need to innovate, a leadership mandate, and shifting customer demands. Nearly half also credit their greater agility to the enhanced skills and experience of project managers.

Executive leaders: strategic initiative performance

60% Met Goals

28% Deemed Failures

42% Failed Strategic Initiative Budget Recouped
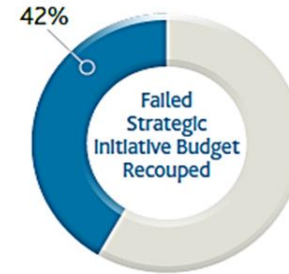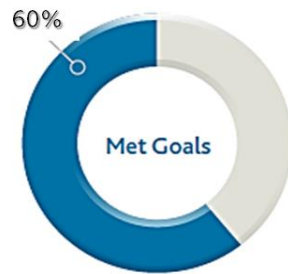
Most important factor responsible for failure

Factor	
Lack of clearly defined and/or achievable milestones and objectives to measure progress	37%
Poor communication	19%
Lack of communication by senior management	18%
Employee resistance	14%
Insufficient funding	9%
Other	4%

2017 Thought Leadership Topic
Pulse in-depths and Thought Leadership Series
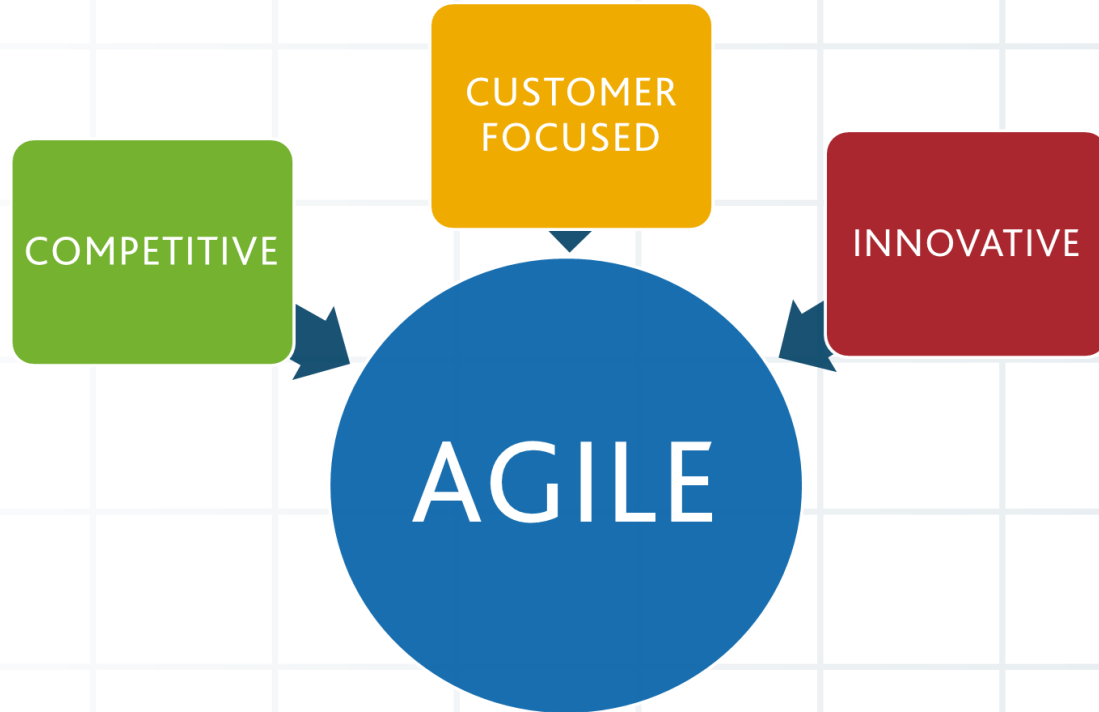
Success Rates Rise: Transforming the high cost of low performance

Our latest *Pulse of the Profession®* research suggests a positive change in the way organizations are managing projects and programs. For the first time in five years, more projects are meeting original goals and business intent and being completed within budget.

These findings suggest that organizations are becoming more mature with their project management practices and are investing in the following factors that distinguish more successful project performance:

TALENT: Developing the technical, leadership, and business management skills of project professionals continues to receive significant attention: 32% of survey respondents consider both technical and leadership skills a high priority, which is a 3% increase over last year.

BENEFITS: There's growing attention to benefits realization management, which is the collective process of identifying benefits at the outset of a project and ensuring, through purposeful actions during implementation, that the benefits are realized and sustained once the project ends. One in three organizations (31%) reports high benefits realization maturity.

PMOs AND STRATEGIC EPMOs: Organizations can bridge the chasm between high-level strategic vision and implementation with a project management office (PMO). Among organizations in our survey that have a PMO, half report having an enterprise project management office (EPMO). And those that align their EPMO to strategy (i.e., have a strategic EPMO), report 38% more projects meet original goals and business intent and 33% fewer projects are deemed failures.

EXECUTIVE SPONSORSHIP: Actively engaged executive sponsors continue to be the top driver of whether projects meet their original goals and business intent. That fact was not lost on survey respondents, who revealed an increase in the percentage of their organizations' projects with actively engaged sponsors compared to last year—an average of 62% compared to 59%, respectively.

AGILE: Organizations increasingly embrace agile as a technique for managing projects. A full 71% of organizations report using agile approaches for their projects sometimes or more frequently.

BE A CHAMPION!

Our findings continue to show what we have learned in the past: that when proven project, program, and portfolio management practices are implemented, projects are more successful. At the same time, the definition of success is evolving. The traditional measures of scope, time, and cost are no longer sufficient in today's competitive environment. The ability of projects to deliver what they set out to do—the expected benefits—is just as important.

So, for the first time, when determining project success, we looked at levels of benefits realization maturity as well as the traditional measures. Through this wider lens, we identified two new performance levels among responding organizations:

▶ **Champions:** Organizations with 80% or more of projects being completed on time and on budget, and meeting original goals and business intent—and having high benefits realization maturity.

▶ **Underperformers:** Organizations with 60% or fewer projects being completed on time and on budget, and meeting original goals and business intent—and having low benefits realization maturity.

As expected, champions have higher project success rates (92% versus 33% of underperformers) and enjoy more successful business outcomes: They waste significantly less money due to poor project performance.

Organizations in the Government industry waste an average of $97 million for every $1 billion spent on projects and programs due to poor project performance, the same amount as the global average of $97 million for every $1 billion spent.*

While most of the study results for organizations in the Government industry are comparable to the global total as detailed in the 2017 *Pulse of the Profession* report, there are some differences. The table below identifies in red the areas that have a meaningful difference from the global total. Specifically, fewer organizations report having important core capabilities, including:

- **Talent:** having a defined career path and a formal knowledge transfer process.
- **Processes and project management capabilities:** having a formal process to mature existing project management practices and high project management maturity.
- **Cultural and organizational capabilities:** fully understanding the value of project management, and having high organizational agility and high benefits realization management maturity.

Additionally, fewer projects are completed on time compared to the global total. Lastly, more organizations in Government are considered underperformers.
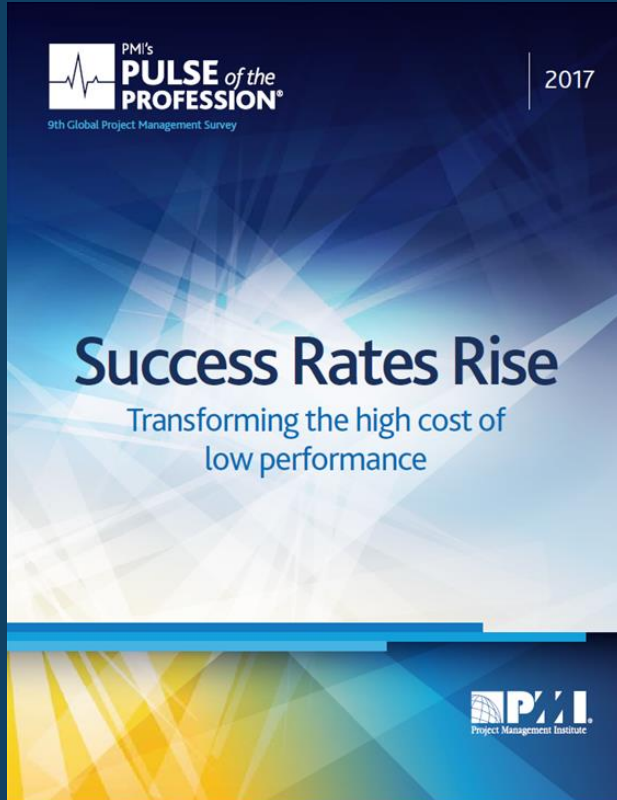
	Global Total	Government Industry
TALENT		
Percentage of organizations with a process to develop project manager competency	45%	41%
Percentage of organizations with ongoing training for staff on project management tools and techniques	60%	63%
Percentage of organizations with a defined career path for those engaged in project or program management	43%	30%
Percentage of organizations with a formal knowledge transfer process	46%	37%
Percentage of organizations where development of technical skills is a high priority	43%	42%
Percentage of organizations where development of leadership skills is a high priority	41%	37%
Percentage of organizations where development of business skills is a high priority	36%	31%
PROCESSES AND PROJECT MANAGEMENT CAPABILITIES		
Percentage of organizations with a PMO	71%	71%
Percentage of organizations with a PMO that is an EPMO	50%	54%
Percentage of organizations with high alignment of the EPMO to strategy	37%	28%
Percentage of organizations that use standardized project management practices throughout the organization	21%	21%
Percentage of organizations with a formal process to mature project management practices	46%	37%
Percentage of organizations with high project management maturity	39%	30%
Percentage of organizations with high program management maturity	32%	30%
Percentage of projects using hybrid/blended project management approaches	20%	21%

	Global Total	Government Industry
ORGANIZATIONAL CAPABILITIES		
Percentage of organizations that fully understand the value of project management	57%	49%
Percentage of organizations with high portfolio management maturity	28%	26%
Percentage of projects with active sponsors	62%	59%
Percentage of organizations with high alignment of projects to organizational strategy	65%	62%
Percentage of organizations with high organizational agility	28%	18%
Percentage of organizations with high benefits realization maturity	31%	23%
Percentage of organizations where creating a culture that values project management is a high priority	37%	32%
Percentage of organizations where creating a culture receptive to organizational change is a high priority	41%	34%
Percentage of organizations where investing in technology to better enable project success is a high priority	39%	34%
PROJECT PERFORMANCE		
Percentage of projects meeting goals and business intent	69%	66%
Percentage of projects completed on time	51%	47%
Percentage of projects completed within budget	57%	54%
Percentage of projects with scope creep	49%	51%
Percentage of projects deemed failures	14%	12%
Percentage of project budget lost if a project fails	32%	29%
DOLLARS WASTED		
Dollars wasted	$97M on $1B (9.7%)	$97M on $1B (9.7%)
PERFORMANCE		
Percentage of organizations considered champions	7%	5%
Percentage of organizations considered underperformers	12%	17%
PRIMARY CAUSE OF PROJECT FAILURE		
Primary cause of project failure	Top mention is change in org priorities (41%)	Top mention is inaccurate require-ments gathering (43%)

*Figures are U.S. dollar amounts, but represent a percentage that applies to any currency.

Note: Numbers in red indicate a significant difference compared to the Global Total at a 95% confidence level.

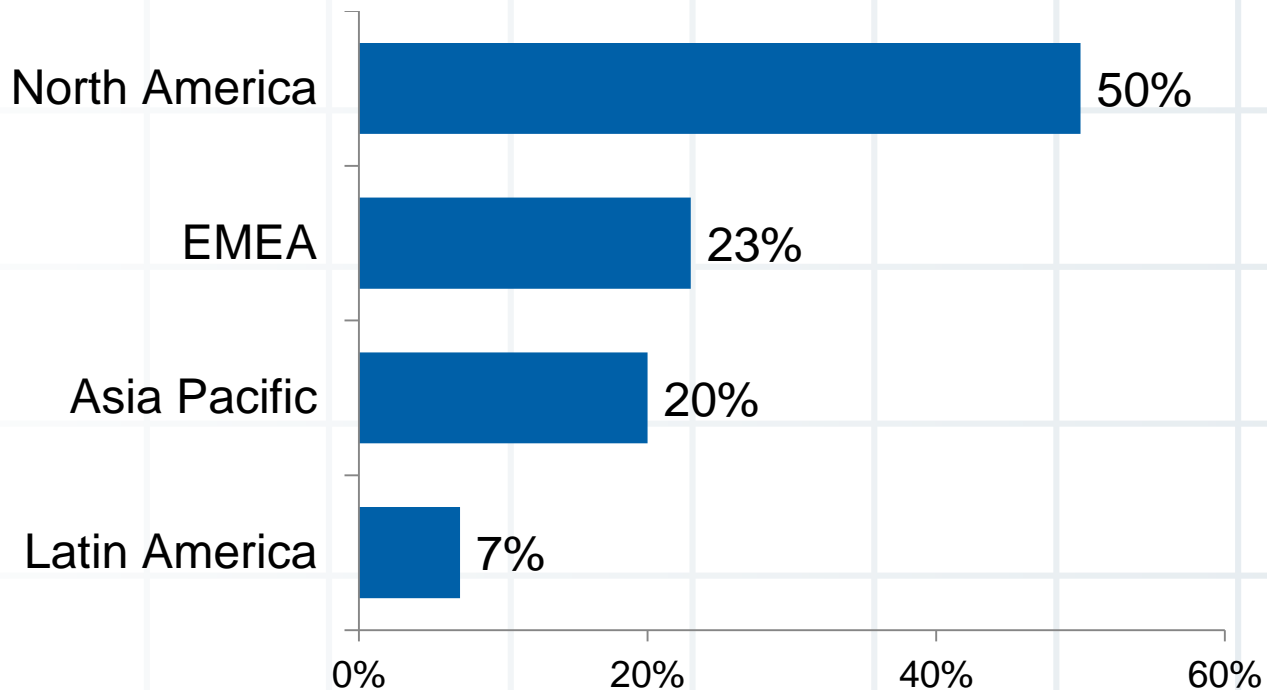**PMI.** Project Management Institute

Appendix

Region – global total

Region	Percentage
North America	50%
EMEA	23%
Asia Pacific	20%
Latin America	7%

Note: Numbers may not sum to 100% due to rounding

Industry – global total

Industry	Percentage
Information Technology	18%
Financial Services	10%
Energy	8%
Government	7%
Healthcare	7%
Manufacturing	7%
Telecom	6%
Construction	6%
Consulting	4%
Automotive	3%
Aerospace	3%
Training/Education	2%
Transportation / Logistics / Distribution	2%
Food and Beverage	2%
Pharmaceutical	2%
Retail	2%
Mining	1%
Legal	<1%
Other	10%
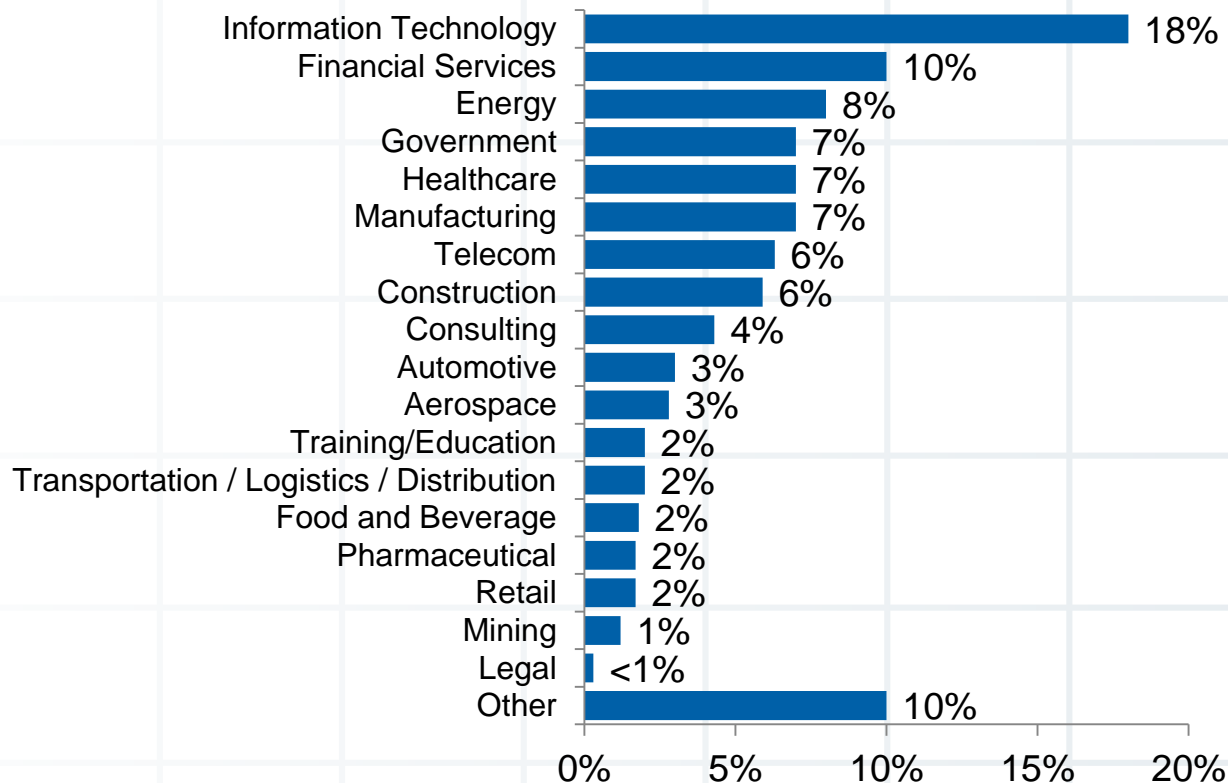
Note: Numbers may not sum to 100% due to rounding

Annual revenue – global total

Revenue	Percentage
$5 billion or more	38%
$1 - $4.9 billion	16%
$500 - $999 million	8%
$250 - $499 million	7%
$50 - $249 million	13%
Less than $50 million	18%
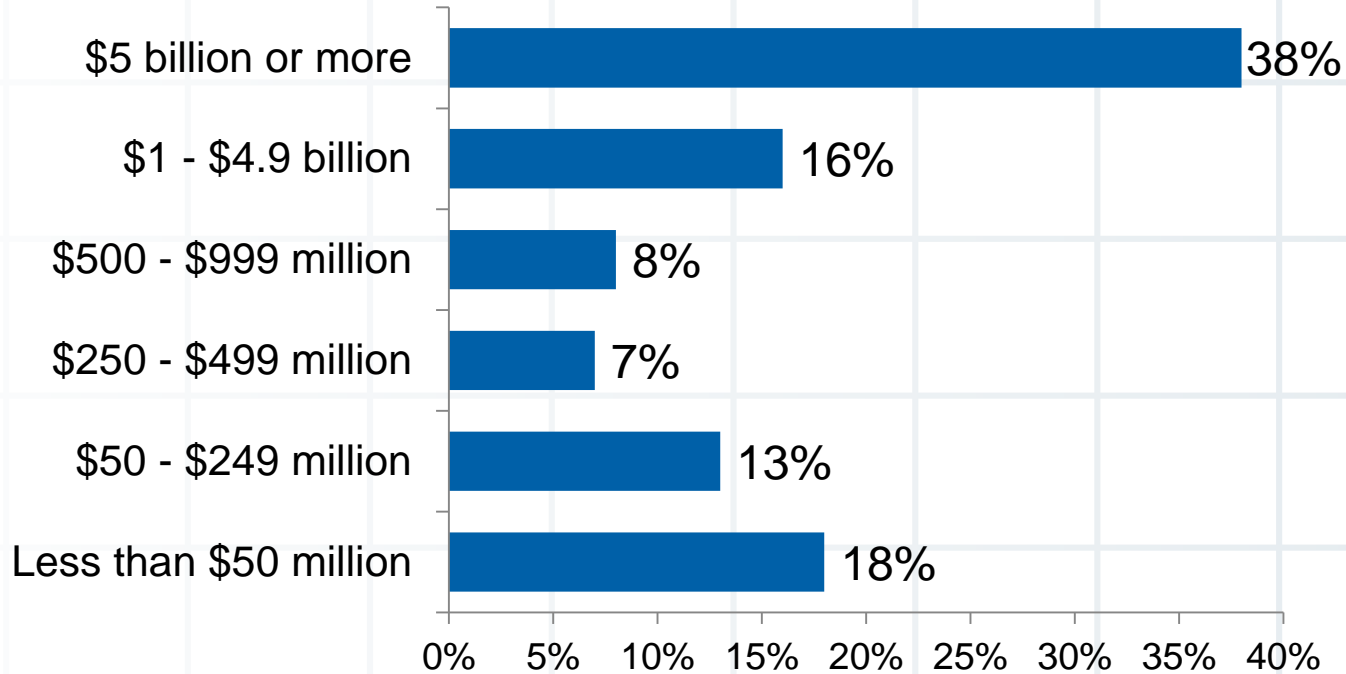
Note: Numbers may not sum to 100% due to rounding

Demographics – Champions

Region	% of Champions
North America	46%
EMEA	15%
Asia Pacific	32%
Latin America	6%

Annual revenue (US$)	% of Champions
$5B or more	46%
$1-$4.9B	15%
$500-$999M	8%
$250-$499M	6%
$50-$249M	10%
Less than $50M	14%

Industry	% of Champions
Information Technology	21%
Energy	10%
Manufacturing	10%
Construction	8%
Telecom	7%
Consulting	5%
Government	5%
Financial Services	4%
Automotive	4%
Healthcare	4%
Transportation / Logistics / Distribution	3%
Aerospace	3%
Retail	2%
Training / Education	1%
Mining	1%
Food and Beverage	<1%
Pharmaceutical	<1%
Other	11%

Note: Numbers may not sum to 100% due to rounding

Demographics – Underperformers

Region	% of Underperformers
North America	52%
EMEA	26%
Asia Pacific	12%
Latin America	9%

Annual revenue (US$)	% of Underperformers
$5B or more	30%
$1-$4.9B	19%
$500-$999M	7%
$250-$499M	11%
$50-$249M	12%
Less than $50M	20%

Industry	% of Underperformers
Information Technology	13%
Government	10%
Financial Services	10%
Healthcare	10%
Energy	8%
Manufacturing	7%
Construction	5%
Telecom	5%
Training / Education	4%
Transportation / Logistics / Distribution	3%
Aerospace	3%
Automotive	3%
Pharmaceutical	3%
Consulting	2%
Retail	2%
Food and Beverage	1%
Mining	1%
Other; please specify:	10%

Note: Numbers may not sum to 100% due to rounding

Regional breakdown of government and private sector organizations

Region	% of government organizations
North America	70%
EMEA	11%
Asia Pacific	11%
Latin America	7%

Region	% of private sector organizations
North America	49%
EMEA	23%
Asia Pacific	20%
Latin America	7%

Note: Numbers may not sum to 100% due to rounding